

DIRECTORATE OF INTELLIGENCE



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*Vietnam:

South Vietnam: Former minister of economy and one-time presidential candidate Au Truong Thanh was taken into custody this morning for reasons which are not readily apparent.

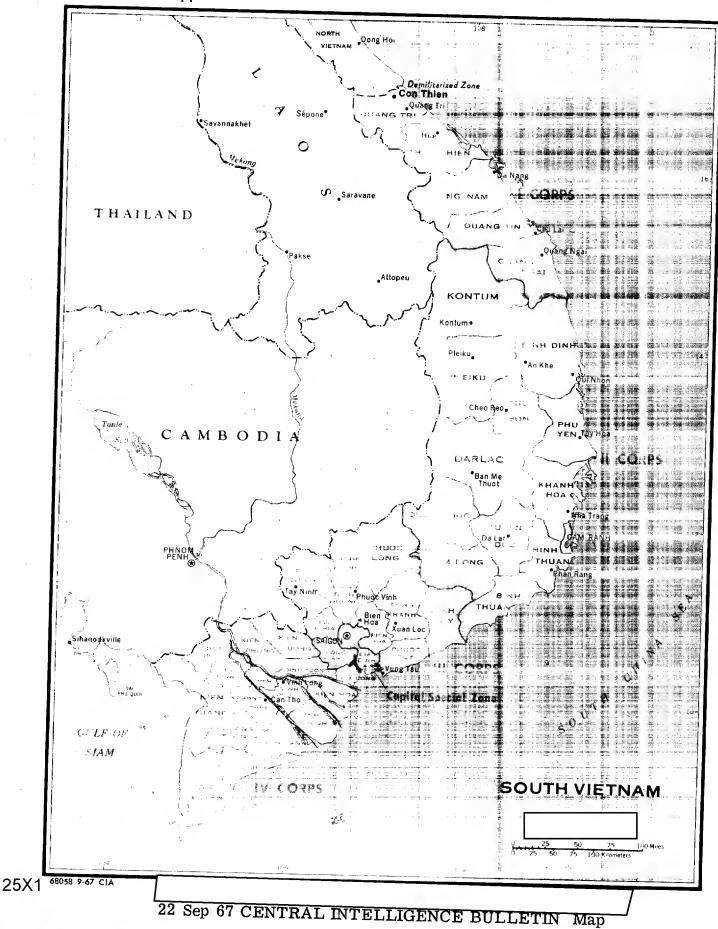
National Police Director Nguyen Ngoc Loan took part yesterday in a raid on Thanh's home. During the raid, some manhandling of Thanh and several foreign correspondents apparently occurred. Loan would say only that he wished to question Thanh about US visas which he and his family had requested.

Thanh had attempted to run as a "peace candidate," in the presidential race but was disqualified before the campaign on suspicion of pro-Communist sympathies. Heavy-handed police measures toward Thanh, following closely upon the conviction of presidential runner-up Truong Dinh Dzu, also a peace candidate, undoubtedly will give rise to charges that the military government is attempting to suppress opposition.

In another development on the Saigon political scene, a committee composed of the five defeated presidential candidates and a number of losers in the upper house elections has been formed. Pham Khac Suu has been named chairman of the group, which apparently will try to coordinate future opposition policy against the new government.

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Although both sides have been hindered by heavy rains and flooding, Communist forces are keeping up	25X1
a steady artillery and mortar barrage against US Marine positions near Con Thien. The Marines in return are firing at suspected enemy positions in the area of the Demilitarized Zone.	
North Vietnam: A North Vietnamese delegation led by Vice Premier Le Thanh Nghi has left Havana after signing new trade and aid agreements with Cuba. No details were announced. The delegation has been touring a number of Communist countries seeking aid.	25X1
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Malaysia: Natural rubber prices have declined to their lowest point in 17 years, and government leaders are alarmed.

Kuala Lumpur's concern stems not only from the basic economic problem but also from possible political ramifications. Malaysia is the world's largest source of natural rubber. In 1965, the last favorable year in the local rubber market, rubber sales generated 16.5 percent of the country's gross national product, and the industry employed a fourth of the total labor force.

The numerous Malay small producers, caught in a squeeze between falling rubber prices and the current high price in rice, have been particularly hard hit. The Chinese small producers, who usually diversify with other crops or livestock, are less seriously affected. The possibility that the Malays will blame Chinese rubber traders and speculators for their plight raises the specter of communal disorders.

The government, deeply disturbed by the situation, for the first time has been buying rubber to help stabilize prices. It has also called for an emergency conference of world rubber producers to discuss the problem. Many Malaysians tend to blame recent releases from the US rubber stockpile, although government leaders acknowledge that this action has not had a significant effect.

The government should have little difficulty riding out the short-term effects of the rubber price decline. If, however, the market remains depressed, the regime will face serious difficulties and might be forced to cut back its popular rural development program.

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NOTES

Nigeria: The six-man African heads of state consultative mission, established by the Organization of African Unity to help solve the Nigerian crisis, is trying to arrange a meeting on 27 September in Lagos but may have to postpone it until late October. Two members are committed to official visits abroad this month, and President Mobutu does not want to leave the Congo before he solves the mercenary problem. The Lagos government appears to be dragging its feet on receiving the mission.

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Colombia-Venezuela: Presidents Lleras and Leoni have agreed in principle to cooperate on defensive action to combat Castroite subversion. The agreement reflects the pessimism of both presidents that the 12th Meeting of Foreign Ministers of the Organization of American States, opening today, will come up with any meaningful sanctions against Castro. The two presidents oppose offensive military action against Cuba and the formation of an inter-American police force, but high-ranking officials in both Colombia and Venezuela have publicly intimated that some such use of force may be needed eventually.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 21 September 1967 approved the following national intelligence estimate:

SNIE 14. 2-67, "North Korean Intentions and Capabilities with Respect to South Korea,"

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